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ABSTRACT

In 1974, the National Institute of Education initiated a three-year study to determine what compensatory education programs have accomplished in the last decade and how they can be improved. Thirty-five separate projects investigated relative effectiveness of State and local approaches to implementing Title I in terms of the allocation of funds, delivery of services, and the cognitive, social, and emotional development of participating students. The research suggests that Title I has succeeded in providing additional educational services to those students whom the schools usually serve least well. Moreover, it is reported, State and local educators have told researchers that Title I has helped reverse a historical pattern of American education and has encouraged State and local districts to commit their own resources to previously neglected poor and disadvantaged students. (Author/KR)

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ED160692

THE COMPENSATORY EDUCATION STUDY

Executive Summary

July 1978

U S DEPARTMENT OF HEALTH,
EDUCATION & WELFARE
NATIONAL INSTITUTE OF
EDUCATION

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EXECUTIVE SUMMARY

Compensatory education is one of the Nation's most important efforts to equalize educational opportunity. The concept stems from the recognition that children from disadvantaged backgrounds frequently do not enjoy the same educational benefits as their peers. Many attend schools in districts that have low overall revenues or high concentrations of disadvantaged families. Such circumstances place special strains on the schools and adversely affect the general development of pupils. Compensatory education is intended to ease those problems by providing disadvantaged children with additional services to help them complete their education on more equal terms.

The legislative authority for compensatory education came from Title I of the Elementary and Secondary Education Act of 1965 (ESEA), subtitled "an Act to strengthen and improve educational quality and educational opportunities." The most important source of compensatory education funds, Title I has channeled billions of Federal dollars to States and school districts for compensatory programs.

Congress had three purposes in mind when it enacted Title I. First, it sought to provide additional financial assistance to school districts serving large numbers of students from low-income families and to the schools with the greatest number of such students. Second, Congress sought to fund special services for low-achieving children in schools with low revenue levels. And third, Congress intended Title I programs to contribute to the cognitive, social, and emotional development of participating students.

Since 1965, the Federal Government has provided between $1 billion and $2 billion a year to States and local education agencies for compensatory education programs. Representing 34% of all Federal expenditures in elementary and secondary education, Title I is the largest Federal education program for young students. While Title I accounts for only 3% of the total monies spent nationally on elementary and secondary education, in some of the Nation's poorest school districts it accounts for almost one-third of their per-pupil expenditures.

The amount of money that a school district receives under Title I depends on the number of children age 5 to 17 whose families live under the poverty line; the number of children receiving Aid to Families with Dependent Children (AFDC); and the number of children in federally supported foster homes or institutions for neglected or delinquent children. Within the district, Federal regulations also direct Title I monies to schools in the poorest areas.

In writing the enabling legislation, Congress chose to give States and school districts wide latitude in establishing local compensatory education programs. For example, a 1974 Senate report notes that "local officials are charged with developing local solutions to meet their specific needs."

The school districts take the initiative in designing local programs and in identifying which students are to receive special services. Compensatory education funds are most frequently used for special instruction, but local communities also may use monies for such auxiliary services as food, medical care, and psychological counseling.

The NIE Study

The impetus for the National Institute of Education (NIE) study came from the Education Amendments of 1974 (Public Law 93-380), which directed the Institute to conduct a comprehensive study of compensatory education programs, including those financed by the States. Congress requested this 3-year study in order to gather information that would help them in considering legislation to reauthorize Title I.

In requesting the study, Congress essentially wanted answers to two questions. First, what have compensatory education programs accomplished over the last decade? Second, how can compensatory education programs be improved?

To answer the first question, the NIE study examined whether existing Title I programs have met the original intentions of Congress.

To determine how compensatory education might be improved, NIE researchers investigated the relative effectiveness of different State and local approaches to implementing Title I. They studied the relationships between improved academic performance and such elements of instruction as individualized learning and class size. Researchers also considered the possible effect of other methods of allocating funds (on the basis of achievement test scores, for example), and they examined alternative ways of organizing Federal, State, and local efforts to make compensatory programs work better.

Earlier national evaluations of Title I often focused solely on children's academic performance. More recent selective evaluations tended to isolate reading programs, and measure the impact of compensatory education by gauging the effectiveness of reading instruction. However, Title I's ultimate success depends upon its ability to distribute funds and deliver services to its eligible students. Consequently, Congress has shown strong interest in learning who benefits from Title I funds and services.

NIE's examination of Title I was designed to enable Congress to judge whether the program has met each of three objectives: the allocation of funds, the delivery of services, and the development of children.

The overall NIE study consisted of 35 research projects. Those projects included a National Survey of Compensatory Education, special demonstration projects in 13 school districts, and a number of detailed case studies of particular aspects of the Title I program. In accordance with the study's mandate, NIE submitted an interim report in 1976 and a second report—actually a series of six reports—in the fall of 1977. Other reports will be issued in the fall of 1978.

Title I's Effectiveness in Distributing Money

NIE gathered information on whether Title I funds are actually distributed as Congress intended. The original legislation specified that funds were intended to help districts provide services to areas with concentrations of low-income families. The number of children living in poverty would determine the amount of money a district received and also the eligibility of a particular school for funds.

At the same time, Congress decided that funds should be spent only for children who are clearly low achieving. School administrators and teachers select children at the individual school level on the basis of their educational needs. Until Title I resources reach the school, the focus is on family income; thereafter, it is on student achievement.

NIE's analysis of the distributional effects of the Title I formula indicates that the formula generally meets the purpose intended by Congress: Title I directs funds to areas with concentrations of children from low-income families. However, the poorest counties and districts often receive less money than do richer areas for each of the children counted for Title I purposes. This is because Title I allocations are weighted by the average per-pupil expenditure (APPE) for the State, and very poor areas are often found in low-spending States.

More specifically, NIE found that:

- Overall, the larger the number of poor children in a district, the larger its allocation.
- The largest proportion of Title I money is directed to central cities, rural areas, and places with high proportions of minority group children.
- The share of Title I funds going to counties in the South and in the

Middle Atlantic States is larger than the counties' share of the school-aged population. In the South, this is a result of the region's heavy concentrations of low-income children; in the Middle Atlantic States, it results both from the numbers of low-income and other formula-eligible children and from a relatively high level of educational expenditures.

- Urban and Northeastern counties receive the most money for each formula-eligible child; rural Southern counties, the least. This reflects the weighting of allocations according to State APPE.
- Although Title I funding constitutes only 3% of all spending on elementary and secondary education on a national level, it may account for one-third of the funding in the very poorest school districts.

Title I and Other Education Aid

NIE compared the effectiveness of Title I to other Federal and State education programs that direct funds to places with the lowest income populations and the most limited tax bases. NIE sought to determine which program had the greatest effects on educational spending at the local level.

Title I aid per pupil in the lowest income school districts is 5½ times as great as Title I aid per pupil in the highest income districts. This makes Title I aid more redistributive with respect to income than any other Federal program of education aid to jurisdictions or than State aid overall. Title I also provides slightly more money to districts with small local tax bases than to districts able to provide high levels of local spending, and it is thus more equalizing than other Federal aid within States.

Finally, NIE found that Title I is superior to other Federal or State funding programs in terms of its capacity to increase educational spending at the local level, rather than being used to replace local expenditures. A higher proportion of Title I dollars represents net additions to district expenditures than is the case with other Federal or State education aid.

At the within-district level, Title I is less focused, and the funds are not concentrated solely on the lowest income schools. There are strong pressures to increase the numbers of schools being served, and a number of procedures—some of them statutory and others embodied in regulations—have greatly increased school districts' flexibility in identifying schools to receive Title I services. Though each of the sources of flexibility can be seen as desirable in itself, taken together they greatly reduce the concentration of Title I funds.

Alternative Funding Formulas

NIE was asked to consider whether or not other definitions of poverty would lead to a better method of allocating resources to the schools. The current formula could be revised by raising the level of poverty upwards or by tying it to average family income. Today, a family of four is considered poor when it lives on an income of $5,800. This figure could be adjusted so that poverty is defined as 125% or 150% of the current index, or as 50% of median family income.

NIE examined the implications of these and other proposed changes for Title I funding. It concluded that if Congress raised the poverty level, the proportion of those now identified as poor in large cities and in the South would decline. This, in turn, would mean that these areas would receive less Title I support.

In 1974, some members of the House of Representatives expressed considerable interest in using data from achievement test scores to allocate funds to States, school districts, and schools. NIE studied the feasibility of this approach and its probable implications. First, it looked at alternative ways to collect achievement data and the cost of doing so. Second, NIE tried to estimate where funds might be distributed if allocations were based on achievement scores. Third, NIE conducted several demonstration projects in which school districts were given waivers from the usual rules governing the allocation of funds to schools. These projects allowed NIE to observe what might happen if districts relied on achievement data in identifying eligible schools and students.

NIE's research led it to conclude that it is not possible at present to use achievement data to allocate funds to all States and districts. However, a new national testing program, which would produce enough data for achievement allocations to the States, could be ready in 3 years. Such a program would cost $7.2 million over a 3-year period. A testing program that could be used to allocate funds directly to each school district on the basis of the number of low-achieving children in the district would probably cost as much as $53 million over a 3-year period. However, the additional expenditures required for each State to allocate funds to districts on the basis of statewide tests would be far less.

NIE's analysis indicates that a change to an achievement-based allocation system would have little effect on the amounts of money received by each of the four major census regions. However, many States would experience changes in their funding. NIE estimates that 23 States would experience changes of more than 15% in their share of funds.

The data also indicate that certain kinds of school districts, such as

districts with large numbers of minority students, would probably gain under an achievement-based allocation system, while nonmetropolitan areas would probably lose funds if achievement criteria were substituted for poverty criteria. Urban and suburban districts in some areas would be likely to gain funds, while those in other areas would be likely to lose. On the average, cities and suburbs would gain, but not significantly.

Demonstration Projects

The "demonstration projects," in which rules governing funds allocation were waived, involve 13 school districts for the period 1975-78. NIE was interested in learning exactly what districts might do if they were not required to allocate funds under the existing Title I framework, and particularly, what would be the effects of any decision to allocate on the basis of achievement. Districts applying for this study gave numerous reasons for wanting to waive existing regulations. Many wanted to allocate funds directly to both schools and students on the basis of educational disadvantage because they felt that the current formula denied services to some low achievers. Others wanted to continue serving students no longer eligible for services under existing rules because desegregation programs had altered attendance patterns. Still others wished to eliminate the stigma of Title I as a program for poor or minority students.

Findings from the demonstration program have led NIE to conclude that most districts could use achievement scores to allocate funds without facing any major technical problems. The change to achievement criteria, combined with more restrictive student eligibility criteria in many schools, enabled participating districts to select low-achieving children more directly than they had previously. During the demonstration, the proportion of poor children in the Title I population decreased, while the proportion of low-achieving children increased. The percentage of minority children among Title I pupils remained about the same.

For the most part, districts receiving waivers served more children, although they spent less per child. This means an increase in the absolute numbers of poor and minority children served as well as in the number of low-achieving children. The increase in numbers of children served was substantial for all groups but most dramatic for the low-achieving group.

However, in order to serve additional children, the demonstration districts slightly reduced the intensity of services provided for each child. Although children in these districts spent less time in compensatory instruction than they had before, districts did not make fundamental changes in their approach to compensatory instruction. The nature of Title I services—the size

of the instructional group and the qualifications of the teaching staff–was not altered.

Based on the research findings, it is clear that each district has a model of the "appropriate" structure of a compensatory programs and resisted downgrading this model by, for example, substantially increasing group size or hiring less expensive staff. In many cases, districts used funds from sources other than the basic Title I grant in order to maintain the quality of their program. It is likely that these additional funds would not be available over an extended period of time. Therefore, if districts continued to serve increased numbers of Title I students for a number of years, the reduction in intensity of services would probably be greater than that observed in the demonstration districts.

Services Provided by Title I Funding

Services to Students. Because very little detailed information was available on the nature of the services being provided with Title I funds, NIE conducted a large-scale National Survey of Compensatory Education. The results showed that 9 out of 10 school districts receive Title I funds. These funds are used mostly in elementary grades and provide compensatory education services to 20% of the Nation's elementary school students, or 6 million children. Three-fourths of the funds are used to provide instructional services. Title I programs today focus on instruction to a far greater degree than in the early days of compensatory education. School district personnel have told NIE that they believe this strong emphasis on basic skills, which is encouraged by Federal officials, is appropriate.

Title I regulations are flexible enough to permit districts to fund noninstructional services, and some local districts feel the need for compensatory education programs that can provide medical care, counseling, and food. Most districts use less than 5% of their Title I funds for such services. The only noninstructional services to receive a growing share of Title I funds are those activities related to the parent advisory councils (PAC), through which parents help shape and plan Title I programs.

The NIE survey demonstrated that Title I provides important services that represent real additions to the level of educational expenditures in districts receiving funds. Districts might have used Title I funds to pay for services that they would have provided even without Title I. Since they have not done so, it seems that the requirements imposed by Title I on the schools' use of funds have been effective in ensuring that supplementary services are really provided.

Types of Services. In examining how Title I adds to the education of participating children, NIE researchers collected information on class size, time spent in instruction, teacher qualifications, and the degree to which compensatory education instruction is individualized. While NIE's investigation covered only a limited number of districts, the results were encouraging in all four of these areas:

- Class sizes were small, averaging 9 students in compensatory reading and 12 students in mathematics and language arts. In contrast, the regular classes attended by Title I students had an average class size of 27.

- Compensatory education students spent an average of 5½ hours per week in special instruction. Time spent in compensatory reading instruction averaged 29% of the total instructional time. For language arts and mathematics, the equivalent figures were 22% and 27%, respectively.

- Teachers giving compensatory instruction to students often had special training. For example, 67% of the professional teachers had graduate training beyond a bachelor's degree, and 62% specialized in one subject.

- Many school districts attempted to individualize their instruction, although few offered instruction that could be considered individualized in all respects. Teacher aides played an important role in Title I programs and were used to help schools provide more individualized attention to children. More than half the aides employed nationwide are paid from Title I funds.

Title I programs seem to be designed in ways that can help students achieve more in school. Title I students usually spend more time in basic skills instruction than do classmates who are not in compensatory programs. Also, they are taught in smaller groups, often by specially trained staff. On the other hand, the quality and intensity of Title I services are not uniformly high in the 14,000 school districts receiving compensatory funds. In some districts, compensatory education students receive less reading instruction than do non-Title I students. Moreover, in some districts, there is little evidence of clear planning or specific instructional goals. The absence of such planning tends to lessen Title I's effectiveness in helping children to learn.

Extent of Services. NIE found that even in school districts with well-designed and carefully managed programs, many eligible children remain unserved. The National Survey found that only 66% of the children determined eligible by school districts receive services. If the Congress does not fund Title I at its full

authorized level, each district's annual entitlement is reduced according to a complex formula. Lower appropriations affect the number of students served.

Because of this limited funding, most school districts can serve only children who score far below the 50th percentile in achievement. Students whose performance is just below average and who might achieve at average or above-average levels if they received special services usually are not included. Similarly, retaining children in the program after they begin to make achievement gains is often impossible because there are children with greater needs awaiting services.

These problems are particularly severe in districts with the highest concentrations of poor children. Although these districts receive larger Title I grants than do more affluent districts, they generally receive less money for each poor child because they are in States with low average expenditures and lower allocations. These districts can serve only a very limited proportion of their low-achieving students.

Finally, less than 1% of all high school students receive Title I services, although the program was designed for both elementary and secondary students. Relatively few private school students receive Title I services, and those students receive considerably less time in instruction than do public school students.

Effects on Student Achievement. In the past there has been little evidence that compensatory education programs have had any effect on student development. However, NIE's findings demonstrate that compensatory instruction can have a considerable effect on learning.

NIE examined the relative effectiveness of different instructional techniques in order to identify promising approaches and to estimate the potential of compensatory education if funds were used well. The NIE Instructional Dimensions study (IDS) focused especially on individualized techniques, the amount of time students spent in instruction, and whether instruction occurred in the student's regular classroom or in a "pullout" setting. So that the results of different approaches could be compared, the programs selected for study varied considerably in these respects.

The preliminary results of the study showed no dramatic differences among various instructional methods, although they indicated that 1st graders did better when taught in their own classrooms and confirmed the importance of time spent in instruction and on specific learning tasks. Overall, the results showed that the children made significant achievement gains. For example, 1st graders in the sample made average gains of 12 months in reading and 11 months in mathematics during the 7-month period between fall and spring testing, a gain equivalent to a 12- and 15-point

rise in their percentile scores. Third graders gained 8 months in reading and 12 in mathematics, a percentile gain of 7 and 15 points. These gains are considerably greater than those found in previous evaluations, which have tended to find at best a month-per-month gain. IDS results suggest that compensatory instruction can meet with significant success.

However, NIE cannot conclude that all compensatory education students are gaining as much as those who participated in the Instructional Dimensions study. The classrooms in that study were not a random sample, but were selected for their instructional characteristics. Although the programs were operating in a cross-section of school districts, they were probably better implemented and more stable than average Title I programs.

In general, NIE's findings do not show that Title I instruction is effective everywhere or that past problems with the quality and stability of instructional services have been solved. But the results do indicate that school districts can create the conditions necessary to make compensatory instructional services effective.

Administration of Title I

To understand how Title I is managed by Federal, State, and local administrators, NIE investigated both the administrative and legal framework of the program. Management of Title I is complex because it involves three layers of government: Federal, State, and local. While the Federal Government exercises leadership in carrying out a program legislated by the Congress, the principal responsibilities for ensuring that Congressional intentions are met reside with the States and the districts. NIE researchers look at how this process was affected by the legal framework of Title I and by different management practices.

Federal Requirements. Much of the legal framework is concerned with requirements governing the use of Federal funds at the local level. Program development requirements are designed to ensure that districts provide high-quality services to participating students.

NIE sought to determine if the legal framework governing the use of Title I funds was consistent, necessary, and clear. In general, it concluded that:

- The legal framework is consistent. The framework includes the statute passed by the Congress, the regulations prepared by the U.S. Office of Education (OE), and letters of advice sent by OE to States and school districts. In general, neither the regulations nor the letters of advice conflict with the statute or with each other.

- The funds allocation requirements appear necessary if the Congressional goal of providing special services to educationally disadvantaged children is to be met. These requirements are designed to restrict the ways in which school districts may use funds to ensure that the funds are allocated to schools in the poorest areas and used to supplement, not replace, local expenditures. The regulations assist districts in resisting pressure to use Title I funds for general education or for tax relief.

- The program development requirements are not necessary in the same sense, because districts have no incentives to deliver poor services. However, program development requirements do provide a model for district planning. They are also flexible enough to enable school districts to develop widely different programs to meet the needs of educationally disadvantaged children in their community.

- The legal framework is not, however, as clear as it could be. State and local officials look to the legal framework for guidance in resolving technical and administrative difficulties. Since the language of the framework is not always clear, some confusion exists about the exact interpretation of specific requirements. This lack of clarity has serious consequences, because Title I coordinators who misunderstand the legal framework are likely either to violate its requirements or to adopt unduly restrictive policies. For example, some States and districts have planned their programs more conservatively than the law or the regulations require in order to avoid being charged with violations during program audits. In some areas the provision of special services in the regular classroom is forbidden and students are pulled out of class for their compensatory instruction, but Title I does not require or encourage either "pullout" or "in-class" programs.

- In general, Federal management appears to be fundamentally sound, and the efforts of the Department of Health, Education, and Welfare (HEW) to see that regulations are observed are appropriate. These efforts consist of program review visits each year by OE officials to a few districts and fiscal audits by HEW auditors in a few others. The results of these site visits and audits can provide guidance even to districts that are not visited. This system does not require a massive Federal enforcement effort, nor does it place heavy burdens on the States or the districts. Some technical problems do remain; for the most part, these involve the procedures required to decide whether services are unambiguously "supplementary."

- Title I administration is probably better now than it has been at any time since the program was enacted in 1965. Congressional action in

1970 and subsequent redrafting of regulations have made the legal framework far more specific with regard to the use of funds. This has obviously benefited those children the program is intended to serve. For example, early evaluations pointed out that children in target populations were not consistently given special, or additional, services. Today, most local officials know they cannot use Title I money as general aid.

The Role of the States. States must attend to many management details if they are to ensure that Title I works as the Congress intended. First, the State Department of Education must approve the applications for Title I assistance sent by local districts. This process requires that State education administrators carefully review each district's application and ensure that it complies with the legal framework established by the Federal Government and interpreted and augmented by the State. After applications are approved, the State distributes Title I funds to the school districts. During the school year, the State provides the districts with technical assistance in designing a program, monitors the districts' activities and enforces compliance. Because State Title I personnel have the authority to take action if guidelines are being violated, the States play a key role in making Title I programs work in local school districts.

In studying how States administer Title I, NIE learned that State practices vary greatly. The States differ not only in the ways they communicate information to the districts, but also in the ways they provide technical assistance and monitor and enforce compliance. The NIE study found two major reasons for these differences.

First, many States are unclear about their exact responsibilities and authority in several areas, particularly those related to auditing and penalizing districts by withholding money. This reflects the fact that the legal framework of the program is often unclear and underlines the need for improvement in this area. Second, State resources available to administer Title I vary, as do decisions about the best use of those resources. For example, while some States use most of their administrative money for staff, others use substantial amounts to pay for consultants or to cover indirect costs such as bookkeeping and computer time. NIE research suggests that States using a smaller portion of their Title I administrative money for staff were generally less active and less effective in dealing with some of the difficulties encountered by local school districts.

State Compensatory Education Programs

The final issue NIE examined was the relationship of Title I compensatory programs to those designed and funded by the States. Almost a third of the

States have such programs; they provide a significant level of additional funding for compensatory services.

In general, State programs follow the pattern of Title I, although some alternative funding patterns have been developed. These programs target funds to the same types of pupils and provide the same types of services as does Title I. When States tried to guarantee that funds were used for supplementary services rather than for general aid or tax relief, State programs were found to rely on a system of monitoring and sanctions similar to Title I. To implement their system, most States also depend on staff funded from the Title I administrative set-aside.

State programs do not offer a better way of guaranteeing the supplementary services mandated by Title I. While some of the technical features might be desirable in the Federal program, the State programs do not suggest models for fundamental changes in Title I.

Because the Education Amendments of 1974 (Public Law 93-380) permitted the waiver of comparability requirements for State compensatory education programs, most States do not perceive serious tensions between State and Federal requirements. Instead, some State coordinators find Title I useful as a model and as a source of help in protecting State compensatory funds from use as general aid.

In general, State programs provide services that complement and augment Title I programs. Their continued growth is not assured since compensatory programs must compete with other claims for State and local funds. States that have established their own compensatory programs generally can call on greater financial resources than those that have not. Without Federal legislative action to provide incentives, it is unlikely that many more States will initiate major compensatory education programs.

Summary

NIE research suggests that Title I has succeeded in providing additional educational services to those students whom the schools usually serve least well. Moreover, State and local educators told NIE researchers that Title I has helped reverse a historical pattern of American education and has encouraged State and local districts to commit their own resources to previously neglected poor and disadvantaged students.